



December 11, 2012
AET 12-0060

ATTN: Document Control Desk
Ms. Catherine Haney, Director
Office of Nuclear Material Safety and Safeguards
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

**American Centrifuge Plant and American Centrifuge Lead Cascade Facility
Docket Numbers 70-7004 and 70-7003; License Numbers SNM-2011 and SNM-7003
Closure of NRC Inspection Report 07007004/2012201 Open Items Related to the Security
Program for the American Centrifuge Plant (TAC L34141)**

Dear Ms. Haney:

Purpose

The purpose of this letter is to request the U.S. Nuclear Regulatory Commission (NRC) review and approval of the resolution of the remaining two open items identified in Reference 1.

Background

NRC inspectors, with support from the U.S. Department of Energy (DOE), jointly conducted an on-site Readiness Review of the Security Program during January 17 – 20, 2012 in Piketon. On February 17, 2012 (Reference 1), the NRC issued Inspection Report 07007004/2012201 documenting the results of the operational readiness review to determine whether programs, procedures, and controls were in place to support implementation of American Centrifuge Operating, LLC's (ACO) Security Program for the protection of classified matter. Reference 1 identified eight open items which required additional actions by ACO to resolve. On May 7, 2012 (Reference 2), USEC Inc. (USEC) provided closure for six of the eight open items. NRC accepted the resolution and closed the six items on July 18, 2012 (Reference 3). The remaining two items are shown in the table below and have been addressed diligently over the past several months with the DOE.

Discussion

Two contracts between USEC and ACO, *Service Agreement* and *Operations and Maintenance Agreement*, have been established to define the contractual relationship between the parties. These contracts are registered by the NRC as Contract Security Classification Specification (CSCS) Numbers NRC-12-063 and NRC-12-064.

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Following a video teleconference discussion between USEC, NRC, and DOE on November 15, 2012, subsequent discussions were held on November 19 and 20, 2012, with DOE Oak Ridge personnel to firmly establish the methodology for closure of the remaining two open items as identified below.

Item No.	Item	Description	Resolution
2	Register Contracts that will support ACO in DOE's Safeguards and Security Information Management System (SSIMS).	Identify which classified contracts are needed to perform work for ACO and register in DOE's SSIMS database.	Contract number 831433, ACO/USEC <i>Service Agreement</i> has been registered by the NRC with CSCS Number NRC-12-063. This is the only ACO contract currently in place for ACO to receive services.
3	Identify individuals who will be working for ACO and extend their personnel security clearances.	Individuals who will be working for ACO will need their clearances extended to contracts registered to ACO.	ACO has no employees; therefore, there are no clearances to extend to ACO. Clearances will continue to be held by USEC with the authorization to work within the ACO facility being internally controlled consistent with past practice.

Activities to complete the remaining two open items have been completed as appropriate. Accordingly, the eight open items are now resolved and available for NRC on-site verification if deemed necessary.

Action

NRC's review and closure of the resolution of the remaining two open items is requested in support of the Materials Licenses transferring from USEC to ACO on or before February 8, 2013. USEC also requests that any on-site verification of closure of the open items be conducted by NRC at its earliest convenience to enable transfer of the licenses by February 8, 2013.

Contact

If you have any questions regarding this matter, please contact me at (301) 564-3470 or Vernon J. Shanks at (740) 897-2343.

Sincerely,



Peter J. Miner
Director, Nuclear Safety and Safeguards

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cc: J. Calle, NRC Region II
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References:

1. NRC letter from B.W. Stapleton to P.J. Miner (USEC) regarding NRC Inspection Report No. 07007004/2012201, dated February 17, 2012
2. USEC letter AET 12-0029 from P.J. Miner to P.K. Holahan (NRC) regarding Responses to NRC Inspection Report 07007004/2012201 Open Items, dated May 7, 2012
3. NRC letter from B.W. Smith to P.J. Miner (USEC) regarding Revision to Security Program for American Centrifuge Operating, LLC – Responses to U.S. Nuclear Regulatory Commission Inspection Report 07007004/2012201 Open Items, dated July 18, 2012